


May 17, 2021

FOR YOUR INFORMATION

To: Mayor and Members of City Council

From: Paula Boggs Muething, City Manager 

Subject: Eligibility for American Rescue Plan Dollars

On Tuesday, May 11th, the Administration provided a summary of key points and eligibility requirements of the Interim Final Rule issued by the United States Department of the Treasury on May 10, 2021 and relating to the use of funds under the Local Fiscal Recovery Fund created by the American Rescue Plan (ARP). This guidance informed the discussion of various programs and projects during the Budget and Finance Committee; the Committee requested that the Administration determine eligibility of programs and projects recommended by the Administration and those submitted by councilmembers. The Administration team analyzing the guidance and proposed programs consists of individuals from the City Manager's Office, the Solicitor's Office, and the Budget and Finance Departments.

Following the committee meeting, and rather than requesting that the Administration review and analyze all open items on the agenda, some councilmembers amended their motions and ordinance requests. This included providing additional facts about proposed uses of ARP funds as needed. The Administration has continued to review the Interim Final Rule and supplemental information from the Department of the Treasury. Based on the additional information and further review of guidance, below is the preliminary project or program specific guidance.

Please note that the appropriation of the funds for specific programs and projects is the first step in the process; City staff must next work through the contract and certification process. As additional details and information related to the use of ARP are provided through this process, the Administration may determine that a project or program is ineligible for ARP funds, based on the available guidance. The Administration will ensure that the Mayor and Council are promptly updated on any issues and potential resolution. Additionally, Treasury may in the future issue updated or supplemental guidance to the Interim Rule, which could also impact eligibility. Any funds spent on ineligible uses are subject to recoupment by the Federal government.

For convenience, below we provide a brief summary of findings regarding eligibility or ineligibility for specific projects or programs within each category.

Eligible – Public Health Expenditures

Items related to COVID-19 mitigation or prevention efforts are broadly eligible. This includes expenditures for operations and capital infrastructure that meet pandemic response operational needs. In addition, public health expenditures related to behavioral healthcare needs that have been exacerbated by the pandemic (mental health, substance abuse, crisis intervention, social services) are eligible.

Eligible items proposed by the Administration and councilmembers include:

- Children’s Hospital Expansion College Hill
- UC Health Emergency Medical Services Canopy
- Grant Us Hope

Items that might be eligible in this category, but need more details include:

- Bond Hill Community Council – Community Organizer
- Roselawn Community Council – Community Organizer
 - *Eligibility for this category is dependent on whether the community organizers will address health disparities to populations of Qualified Census Tracts or other populations disproportionately impacted by the pandemic.*

Eligible – Responding to Negative Economic Impacts by Assisting Affected Households and Populations

Assistance under this category is eligible if (1) the recipient or beneficiaries experienced economic harm from the pandemic, (2) the use of funds responds to that harm, and (3) the assistance is proportional to the harm. We are permitted to presume that populations who were/are unemployed, who have experienced housing or food insecurity, and who are low- to moderate-income experienced negative economic impacts. In other words, assistance to those populations is eligible without a fact-specific impact analysis. Note that Treasury has indicated that general workforce development is generally not eligible, so all jobs programs must be targeted to assist households that have been impacted by the pandemic. In sum, the programs are eligible to the extent they serve the eligible communities.

Eligible items proposed by the Administration and councilmembers include:

- Community Economic Advancement Initiative (CEAI)
- HARBOR
- CYC – Youth Jobs
- Youth2Work
- ArtWorks Youth Employment Initiative
- Food insecurity: La Soupe
- Food Insecurity: Last Mile
- Eviction Prevention Support
- Human Services Chamber
- Women’s Business Program – Main Street Ventures

- Cincinnati Youth Collaborative
- Minority Business Partnerships - Urban League
- Seven Hills Neighborhood Houses Trauma Recovery Center

Eligible – Responding to Negative Economic Impacts with Aid to Small Business and Non-profits

The Interim Rule identifies that small businesses and non-profits have had challenges with payroll, mortgages or rent, and operating costs. Aid is eligible to small businesses and non-profits so that they can adopt safer operating procedures and mitigate financial hardship. Generally, aid should be for operating expenses or other services to assist with business planning. Capital-type projects are eligible to enable social distancing and other COVID-safe improvements. Entities eligible for the Paycheck Protection Program would be eligible under this category. Eligibility ultimately depends on demonstrating economic harm from the pandemic and that the proposed use of funds responds to that identified harm.

Eligible items proposed by the Administration and councilmembers include:

- Community Economic Advancement Initiative (CEAI)
- Outdoor Dining
- Public Museum Support
- Cincinnati Music Festival
- Midwest Regional Black Family Reunion
- Human Services Chamber
- Community Council Funds
- Bond Hill Community Council – Community Organizer
- Roselawn Community Council – Community Organizer
- Flywheel Social Enterprise
- Cincinnati Youth Collaborative
- Saving Our Kings and Queens
- Southern Christian Leadership Conference
- Minority Business Partnerships - Urban League
- Women’s Business Program – Main Street Ventures
- Cincy Nice (Operating)
- Invest in Neighborhoods

Eligible – Responding to Negative Economic Impacts with Aid to Industries, including support to Tourism, Travel, and Hospitality Industries and businesses, attractions, and business districts

Aid to industries disproportionately and negatively impacted by the pandemic are eligible uses of ARP funds and must respond to the negative economic impact experienced. The Interim Rule specifies that aid to the tourism, travel, and hospitality industries is eligible and that the impact to these industries should be used as a benchmark for determining when aid would be appropriate to other industries. Capital-type improvements are eligible if they implement COVID-19 mitigation and

safety improvements, or if there was a previously planned expansion or upgrade of facilities that was delayed by the pandemic. Again, aid should be proportional to the harm experienced.

Eligible items proposed by the Administration and councilmembers include:

- Neighborhood Business District Support Grants
- Outdoor Dining
- Cincinnati Convention and Visitor's Bureau
- Cincinnati Music Festival
- Midwest Regional Black Family Reunion
- Public Museum Support
- Neighborhood Activation Fund
- Cincy Nice (Operating)

Eligible – Responding to Negative Economic Impacts by Providing Housing and Neighborhood Support for Disproportionally Impacted Populations, Households, and Areas

The Interim Rule provides that certain services that might not otherwise be eligible are eligible if they are provided to families and individuals living in qualified census tracts (QCTs)¹ or are provided in QCTs or are for other disproportionately impacted communities. The final eligibility determination for these items will depend on whether they support these communities.

Investments in housing and neighborhoods is specifically identified as being eligible, particularly when they address issues of affordable housing, reducing concentrated areas of low economic opportunity, and services to address homelessness.

Eligible items proposed by the Administration and councilmembers include:

- Neighborhood Business District Support Grants
- HARBOR
- Affordable Housing Trust Fund
- Port Authority Affordable Housing Projects
- Bethany House
- Eviction Prevention Support
- Human Services Chamber

Eligible – Responding to the Negative Economic Impacts by Addressing Educational Disparities and Promoting Healthy Childhood Environments for Disproportionally Impacted Populations, Households, and Areas

The Interim Rule provides that certain services that might not otherwise be eligible are eligible if they are provided to families and individuals living in QCTs or are provided in QCTs or are for other disproportionately impacted communities. The final

¹ A map of qualified census tracts is available at: https://www.huduser.gov/portal/sadda/sadda_qct.html

eligibility determination for these items will depend on whether they support these communities.

The Interim Rule identifies that school closures and disruptions to childcare raised particular challenges for lower-income communities. The Interim Rule outlines that eligible uses include new and expanded early learning and childcare services; evidence-based educational services like tutoring; services to address the social, emotional, and mental health needs of students; services for child welfare-involved families; and home visiting programs.

Eligible items proposed by the Administration and councilmembers include:

- Neighborhood Child Care Relief Fund - 4C Child Care
- Boys and Girls Club Tutoring
- Recreation Center Extended Summer Hours
- Human Services Chamber
- Cincinnati Youth Collaborative
- Grant Us Hope
- Children's Hospital Expansion College Hill
- Clifton Cultural Arts Center
- SCLC Rites of Passage Summer Camp
- UCanSpeak4Me – summer program
- Wesley Chapel – summer program

Eligible – Public Health: Violence Prevention for Disproportionally Impacted Populations, Households, and Areas

The Interim Rule provides that evidence-based community violence intervention programs to prevent violence and mitigate the increase in violence during the pandemic is an eligible public health use, particularly when aimed at disproportionately impacted communities.

Eligible items proposed by the Administration and councilmembers include:

- PIVOT
- ShotSpotter
- Anti-Trafficking
- Salvation Army/End Slavery
- Avondale Fence Project
- Save Our Kings and Queens

Eligible – Cybersecurity and IT Support

The Rule provides that protecting the City's water and sewer infrastructure by increasing cybersecurity is an eligible use. In addition, improvements to data and technology infrastructure related to the execution of public health programs is eligible.

Eligible items proposed by the Administration and councilmembers include:

- City Network Upgrades/Cybersecurity

Not Eligible – General Infrastructure Projects

In general, infrastructure projects that are unrelated to public health measures or that do not address the negative economic impacts of the pandemic for the industries or communities disproportionately impacted by the pandemic are not eligible for ARP funding.

Projects which are not eligible based on known information:

- Minority Business Partnerships - Real Estate
- First Lutheran Bell Tower
- Western Hills Viaduct
- Warsaw Creative Campus
- Return MLK Statue to Reading and MLK Drive
- Cincy Nice Capital Expense
- Cintrifuse
- Smale Riverfront Park²
- Black Lives Mural³

Not Eligible – Services Not Connected to Public Health or Disproportionately Impacted Populations, Households, and Areas

Additionally, there are some items that do not sufficiently connect to the categories above at this time. The Administration will continue to consider new information to determine a program's eligibility.

Projects which are not eligible based on known information:

- Build Cincinnati Development Fund
- Revolving Loan Coop Cincy
- Keep Cincinnati Beautiful

² The Administration will propose this project as part of the City's FY22 Budget.

³ The Administration will propose this project as part of the City's FY22 Budget.